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FM AMEMBASSY COPENHAGEN  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 5193  
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE  
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RUEHAG/AMCONSUL HAMBURG 0077

UNCLAS SECTION 01 OF 03 COPENHAGEN 000409

SENSITIVE  
SIPDIS

DEPT FOR S/SECC, OES, EUR/NE

E.O. 12958: N/A

TAGS: [SENV](#) [KGHG](#) [PGOV](#) [PREL](#) [EINV](#) [DA](#)

SUBJECT: Denmark and Greenland Agree on Dialogue Toward COP-15 on Emissions

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(U) SENSITIVE BUT UNCLASSIFIED; PROTECT ACCORDINGLY. NOT FOR INTERNET DISTRIBUTION.

¶1. (SBU) Summary: Recent reported statements by new Greenland Self Government Premier Kuupik Kleist raised concerns that Greenland would opt out of any deal negotiated by Denmark (which has sovereignty over it) at COP-15 and embarrass the Danish government in its role as host of COP-15. Danish sources tell us that in meetings the week of September 14 with Prime Minister Rasmussen and Minister of Climate and Energy Hedegaard, Kleist was more conciliatory and agreed to a dialogue intended to provide political cover for Greenland's eventual accession to any COP-15 climate deal.

According to the Danish government, Greenland and the Faroe Islands will retain the right to opt out of the deal, as the Faroese did with the Kyoto Protocol. End Summary.

¶2. (SBU) Background: According to Danish officials, Greenland and the Faroe Islands have the constitutional right to opt out of whatever is agreed to by Denmark at COP-15. The Faroese did opt out of the Kyoto Protocol; Greenland did not. According to Danish climate officials, the Faroe Islands government hopes to join what is agreed to at COP-15, and will announce plans to reduce emissions 20 percent by 2020.

¶3. (SBU) Meanwhile, technical level discussions between the climate ministry and Greenland had soured and broken off earlier this year. After the election of a new government in Greenland with greater autonomy, the media depicted a rift between Greenland's interest in developing its industrial base, and Denmark's desire as host to secure an ambitious agreement at COP-15.

Press Speculate about Denmark/Greenland Rift  
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¶4. (U) Recent public debate on COP-15's implications for Greenland has been more polemic, with Greenlanders arguing for a level playing

field with EU industry, which benefited from distribution of free emissions permits. In June, Premier Kleist argued that the current climate quota model is unjust for economies like Greenland's, because it would lock the Greenlandic economy in a state of pre-industrialization. He complained of a lack of political dialogue between Denmark and Greenland about the implications of a deal at COP-15.

15. (U) On the eve of his visit to Copenhagen, on September 13 Kleist reportedly referred to Climate Minister Hedegaard's "Greenland Dialogue" with climate negotiators, saying:

"This is not about Greenland's current interests. We feel that we have been made a showcase of climate change. We are always happy to receive visitors, but if the outcome is an agreement which will preserve Greenland as a museum where we cannot develop industry, it will not have been very beneficial to welcome (Min.) Hedegaard's guests...There is a reason why the G-77 is active in the climate debate. Ideally, one might have hoped that the global climate policy could simultaneously serve to get a more equal and fair view of the division of the world's goods. That part remains missing."

16. (U) In response to growing press speculation that Greenland might join the G-77 group for climate negotiations, Minister Hedegaard wrote in a lengthy rebuttal, published in a Danish daily September 17:

"Greenland is not a developing country. Greenland has a GDP of USD36,700 per capita, approximately 14 times higher than the GDP in Sudan, which currently chairs the group of developing countries, the G77. Greenland now has a CO2 emission per capita similar to that of Denmark. Greenland is in many ways a highly developed society and chose itself to become part of the Kyoto agreement and thereby assume the obligation to reduce its CO2 emissions. No one doubts that Greenland has a need for business development, and that

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Greenland as an Arctic community in many ways is in a special situation. There is no doubt that it is a challenge for the Kingdom to find solutions that accommodate both the needs for development and climate concerns. That is why we for quite a while have had a meaningful dialogue between Denmark and Greenland on how to best address these challenges."

Additionally, in an informal briefing to Copenhagen's diplomatic community on September 16, Premier Kleist remarked that while Greenland wanted to remain within the "Danish framework " at COP-15, it was also important to recognize that Greenland's economy now requires a faster growth rate. He added that Greenland accepts its responsibility to global environmental interests, but it was also important that "Denmark and the world understands our need to develop further." In response to a question from Japan's ambassador, Kleist suggested that COP-15 should arrive at solutions "that address G-77 issues and development requirements."

(SBU) PM Firm; Climate Minister Flexible  
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17. (SBU) Peder Lundquist, Deputy Permanent Secretary at the Ministry of Climate and Energy told REO on September 17 that in a September 14 meeting, the tone of political relations between the two governments had improved sharply. In his meetings in Copenhagen, Kleist was apologetic about press reporting of his own statements on COP-15, claiming he was misunderstood. (Lundquist said the Greenland press often exaggerates differences between the Greenland and Danish governments.) Kleist told Danish leaders that Greenland sincerely wants to participate in a climate deal, as long as it can show Greenlanders concessions won from Denmark.

18. (SBU) According to Lundquist, who was not in the meeting, PM Rasmussen told Premier Kleist that Denmark would not abandon the EU's "polluter pays" principle for Greenland, and Kleist did not object. Rasmussen explained that it would not be politically feasible to exempt Greenland from the cost of emissions permits entirely, but that Denmark would consider how it could help Greenland absorb the costs of any deal.

¶9. (SBU) In a September 15 meeting that Lundquist did attend, Minister Hedegaard agreed with Kleist to reopen dialogue intended to permit Greenlandic participation in an agreement at COP-15 and reduce the costs of Greenland's participation. It would be premature to make any commitments prior to a COP-15 deal being finalized, however, and Greenland would remain free to decide whether to join what Denmark agrees to at COP-15.

#### Elements of Dialogue

¶10. (SBU) According to Lundquist, Hedegaard and Kleist agreed that the climate ministry would help the Greenland government analyze the emissions implications of planned industrial developments, starting with the plans of U.S. aluminum giant Alcoa to invest approximately USD 3.5 billion in an aluminum smelter and associated hydropower facility. (Four or five other projects are earlier in the planning stage, and can be reviewed later.) The ministry's Danish Energy Agency (DEA) would conduct the technical analysis, focusing on timelines for emissions (with the critical period being in the short and mid-term, to 2020, according to Lundquist). The DEA would also compare the savings from using Greenlandic hydropower vs. coal-fired power elsewhere - the Greenlanders argue, for example, that on a global scale they are helping reduce overall emissions by hosting a project like the Alcoa smelter, since it can use hydropower in Greenland, as opposed to coal or other fuels somewhere else. The intention is for both sides to better understand the issue, not to make a formal determination. That understanding will help both sides understand the cost implications of any COP-15 deal for Greenland.

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¶11. (SBU) Hedegaard also agreed that the Ministry will seek to access national funding for further hydropower development in Greenland (with some EU matching funds possible). Both these efforts will take place over the coming month. Then Hedegaard and Kleist will meet again to discuss. Other meetings are anticipated before COP-15.

¶12. (SBU) Denmark cannot and will not invite Greenland to participate in actual COP-15 negotiations as an entity separate from Denmark, according to Lundquist. However, Greenland may be invited to be present as members of the Danish delegation and may be invited by Denmark to attend the November 15-16 pre-COP meeting in Copenhagen.

#### Comment

¶13. (SBU) Politically, Greenland's new government wants to participate on the world stage by joining an agreement that emerges from COP-15, but needs to show voters back home it has won some form of concession from Denmark to cushion the economic costs during this early phase of its industrial development. Hence the contrast between public statements by the new premier, intended for internal consumption, and his more measured approach to Danish leaders. For its part, the Danish government seems reassured and confident that it can work with the Greenlandic government and is willing to keep the door open to a compromise short of a full exemption. We will closely monitor this issue for its potential impact on Denmark's climate policies and on U.S. interests in Greenland.

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